Approved For Release 2007/06/08 : CIA-RDP80-00810A005300900007-0

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECRET

COUNTRY	East Germany	REPORT	
SUBJECT	Plans for the Development of the Lignite Industry for 1955-1960	DATE DISTR.	23 November 1954
		NO. OF PAGES	5
DATE OF INFO.		REQUIREMENT NO.	RD
PLACE ACQUIRED		REFERENCES	

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THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

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1. The Prospective Plan for the development of the lignite (Braunkohle) industry is the working basis for the establishment of the Second Five-Year Plan and for any planned projects arising therefrom.

2. The sites for the new enterprises and the dates of the beginning of operation are established by:

   a. The Minister for Heavy Industry in the fields of Coal, Chemistry, and Power; and
   b. The Minister for Agriculture and Forestry in the field of Water Engineering.

3. On the basis of these sites, the Minister for Construction will establish sites and dates for the new plants of the construction materials industry and for the construction of dwellings.

   Due Date: 15 July 1954

4. On the same basis, the Minister for Railroads, the State Secretary for Transportation and Highway Affairs, the Minister for Post and Telecommunications, and the Minister for Agriculture and Forestry will formulate plans for the operation of these sites of the construction materials industry, for the new housing developments, and for the investment construction (Investitionbauten).

   Due Date: 15 July 1954

5. The ministers mentioned in paragraphs 2 and 4 above have until 30 September 1954 to draw up detailed plans with expiration dates, establishing the dates for the pre-planning, the planning, the date of the beginning of operations of the projects, and the production, with consideration of most important questions, i.e. manpower, investments, finance.

6. The Minister for Machine Construction is charged with the drafting of a program to insure the equipping of the coal, chemical, geological, and the water industries.

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7. The chief of the State Geological Commission is charged with the drilling program for coal, within the framework of the total Plan.

8. The Minister for Heavy Industry is charged with drafting a plan for a long-distance supply net for gas and for the expansion of the electric power net. In the preparation of this draft plan, gas production sites and gas consumers will be determined in coordination with the State Committee for Material Procurement. This draft will also determine the dates of the expansion of the nets. The Minister for Heavy Industry will also establish the sites and the size of the salt coal (Salzkohle) power plant in the Westeregeln area.

9. The Ministry for Heavy Industry and the Ministry for Agriculture and Forestry are to propose a plan for the reclamation of the exhausted coal fields.

10. The Minister for Heavy Industry, in conjunction with the State Committee for Material Procurement, will make a study of the solid fuel market with particular consideration of the sites of production (Aufkommen) and the sites of electric power consumers.

11. The Minister for Heavy Industry will make a survey of the development of pit coal coking plants, taking into consideration the increasing use of lignite hard coke (Hartkok). In conjunction with the State Committee for Material Procurement, a coal and coke balance is to be worked out, taking into consideration the increased coke production of the lignite coking plants.

12. The Central Office for Research and Technology (ZAFT)(Zentralamt fuer Forschung und Technik), in conjunction with the competent ministries, will give priority to the following in its Research Plan:

    a. Large-scale technical (grosstechnisch) experimental plant for the vaporization of Starkwaesser containing phenol

    b. Large-scale technical experimental plant for the processing of phenol-bearing Starkwaesser according to the Wolfahrt process

    c. Development of the gas turbine as a drive for high-pressure compressors

    d. Development of 1,200 kw motors for mining apparatus

    e. Processing of salt coal (Salzkohle) for heating or for carburetion

    f. Processing of the products of the Eastern Elbe coking plants, i.e. tar oils and raw phenol oils

    g. Processing of heavy coking plant gas for the extraction of ethylene, acetylene and nitrogen compounds

    h. Dust carburetion

    i. Combination of Lurgi type pressure carburetion plants, medium-pressure synthesis plants, and long distance gas production (Ferngaserzeugung).

    j. Utilization of aluminous lignite salts for alumina manufacture

    k. Extraction of iron from pit water and processing of the iron deposits obtained.

13. The Ministry for Heavy Industry is to work out a developmental plan for the technical-scientific personnel in the lignite industry.

    Due Date: 30 September 1954

14. The Ministry for Heavy Industry is to work out, on the basis of the aforementioned Prospective Plan for the lignite industry, a plan for the processing of raw chemicals obtained therefrom.

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15. The scope of the long range plan for the lignite industry makes necessary the timely coordination of all details and the rapid elimination of all difficulties; in this connection, the following has been decided:

a. The Commission (see paragraph 16) remains in existence and will discuss current questions on certain fixed dates. A competent representative from the Bezirk Council of Bezirk Cottbus is to be appointed to the Commission.

b. An office for this Commission will be set up in the State Planning Commission. This office will have five members and will gather and collate the material for action by the Commission.

c. In the Bezirk Council in Cottbus, an office will be set up for organizational questions pertaining to this matter. Its duties will consist of supervising and coordinating all problems of personnel,i.e. social, cultural, and health questions. This office is to have five members.

16. On 12 March 1954, the Presidium of the Ministerial Council charged the chairman of the State Planning Commission with setting up a commission to examine the Prospective Plan for the development of the lignite industry prepared by the Minister for Heavy Industry. This commission included as members:

Paul Strassenberger	Deputy Chairman of the State Planning Commission
Johann Kier	Deputy Minister for Heavy Industry
Helmut Wunderlich	Deputy Minister for Machine Construction
Josef Hafrang	State Secretary in the Ministry for Construction
Richard Staimer	Deputy Minister for Railroad Affairs
Ernst Heinrich Weiprecht	State Secretary for Transportation and Highway Affairs
Prof. Dr. Otto Moeller	Chief of the Office for Water Supply
Karl Neumann	Chief of the State Geological Commission
Alfred Teschauer	State Committee for Material Procurement

17. This commission, in conferences on the second, eighth, and tenth of April 1954, examined the Prospective Plan and arrived at the following conclusions:

a. The principles laid down in the Prospective Plan support the desired development along the lines of modern technology:

(1) The production of electric power is to result, where possible, from the use of the poorest, ballast-rich, saliferous lignite. Electric power is to be used only for light and power, and not for heating purposes.

(2) The high grade raw lignite is not to be packed but is to be transformed at the procurement site, through either coking or gasification, into the gaseous,liquid, and solid decomposition products. In this way, the transport of raw lignite and briquettes will be considerably decreased.

(3) The gas yielded by the above processes is to be piped to consumers (industry and household) for heating purposes by means of a long distance gas supply net. This will relieve the railroads. Also, it will be possible to eliminate the expensive and uneconomical gas generators in industry.

(4) The liquid decomposition products of thermal coal-processing, such as tar and phenol, constitute the raw materials for the development of the chemical industry. The new chemical enterprises which will process these raw materials are to be built in the vicinity of the coal fields in order to reduce the rail transport of tar and phenol as much as possible.

(5) The coke derived from lignite will be used mainly for the metallurgical and chemical industries and not for heating purposes.

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(6) The new coal enterprises, such as open-pit mining, briquette factories, and coking plants, are to be substantially mechanized. Steel 37 will be used in place of steel 52 in the construction of large equipment.

b. The plan for the development of the coal industry is practicable. The machine construction and building industries are capable of carrying out their assignments punctually and technically satisfactorily within the framework of the Economic Plan and the Construction Plan. It will be possible to make the necessary investments in other branches of industry in connection with the plan for the coal industry. Investments for the following are necessary:

Water engineering (water supply and disposal of waste water)
Construction industry (building material plants and dwelling construction)
Chemical industry
Power administration (electric power and gas)
Machine construction
Transportation (railroad and highway affairs)
Post and telecommunications
Geology

c. On the basis of present estimates, the production figures designated in the Plan for the development of the coal industry are insufficient for the development of the country's economy. The planned tar production for 1960-1970 will not be sufficient.

d. The individual sections of the plan for the development of the lignite industry have been coordinated,and the plan indicates the period in which each project is to be executed. It will be possible to align the tasks and investments of the other branches of industry with the Coal Plan and to coordinate implementation and dates. However, the tempo of the implementation of the total Plan cannot be definitely determined at this time. This will be possible only when the second Five-Year-Plan is correlated. However, it is already possible to foresee that the Coal Plan and its successive investments (Nachfolge-Investitionen) is one of the remotest possibilites of the second Five-Year-Plan.

e. In addition to the five billion DME called for in the Investment Plan for the Coal Industry in 1956-1960, another two and one-half billion DME for successive investments will be necessary for the implementation of the Coal Plan. Added to these are other investments, which do not belong directly to the Coal Plan, but which are necessary for the processing of coal products, i.e. in the chemical industry. The absolutely necessary successive investments hinge on the following:

(1) Water: Supply of water for industry. Waste water purification of the Starkwaesser and the pit water. Ensuring the water supply for agricultural use in the area of the new open-pit mines. Supply of drinking water for the population of the new settlements.

(2) Gas: Long distance gas pipelines to the most important consumers, using the gas obtained in the coal areas. Later this net is to be expanded into circular supply net.

(3) Power: Consideration of the electric energy produced in the coal areas in the construction of the connecting net.

(4) Construction: New building material enterprises near dwelling construction and investment centers. Fabrication of building materials from the ashes of coal production and from slag derived from the metallurgical industry. Prefabricated standardized construction parts for the new settlements in order to save steel and bricks. New settlements in Cottbus Bezirk for the additional personnel in the coal industry and settlements which will become necessary with the expansion of open-pit mining.

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(5) Railroads: Connections to the new building materials enterprises and to key investment and dwelling construction points. Moving of several stretches of track in the course of the expansion of open-pit mining. Procurement of special cars for the transport of tar and phenol, i.e. the end products of the chemical industry.

(6) Highway affairs: Connections to the new building materials enterprises and to the key investment and dwelling construction points. Rerouting of roads in connection with the operation of new open-pit mines.

(7) Machine construction: Expansion and rebuilding of four plants of the heavy machine construction industry, in order to have these plants concentrate and specialize in equipment, etc., for the coal industry. Expansion of production of cast iron pipe for water engineering projects.

(8) Heavy industry: Expanded production of cast iron pipes is the responsibility of the Ministry for Heavy Industry.

(9) Geology: Procurement of drilling equipment for the systematic sounding of the still unexplored fields. Outside of this investment, the geology department needs operating funds for the carrying-out of this exploration.

(10) Chemistry: Successive investments in the field of chemistry are necessary for the processing of the basic materials yielded by the coal production.

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